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Testimony before the Senate Business, Labor, and Economic Affairs Committee  
Regarding SB 161

Madame Chair and members of the committee, for the record my name is Amy Minto. I represent Big Sky Captive Management and ALPS, the Attorneys Liability Protection Society, a Risk Retention Group that operates in 27 states and 2 US territories, providing lawyers professional liability insurance to mostly rural attorneys and small law firms.

I appreciate the opportunity to speak to you today about Senate Bill 161 and a friendly amendment to the bill that clarifies that the references to risk retention groups in the bill are specific to risk retention groups formed as captive insurance companies.

Big Sky Captive Management was established by ALPS in 2001 to serve Montana's then newborn captive industry and currently provides various management services to 5 captive insurers. We are proud of the successes of captives in the six years since this legislature created the original legislation, and have worked with State Auditors Office as they have become a sophisticated regulatory body to rival any in the country. Representatives of the State Auditors Office will discuss the specific issues addressed in the bill. I will simply add that Senate Bill 161 will enhance both the state's captive industry and the ability of the State Auditor to regulate that industry.

Montana's existing captive law and Senate Bill 161 borrow heavily from the laws of other US captive domiciles like Vermont, South Carolina, and Arizona. These states differ from Montana in that they had not licensed any risk retention groups prior to creating their captive laws - in Vermont's case, their captive law predates the Federal Liability Risk Retention Act (the federal act that created risk retention groups) by 5 years. The risk retention groups in these states have all been licensed as captives, so it makes sense that their laws do not differentiate between domestic and captive risk retention groups. We appreciate the State Auditors Office working with us on this friendly amendment that will customize Montana's law to reflect Montana's existing local businesses.

ALPS redomesticated to Montana as a domestic property casualty insurance company in 1991, a decade before Montana's captive law was envisioned. ALPS is regulated in this state as a traditional insurance company, and is proud of its status as one of a handful of risk retention groups fully admitted in their state of domicile. The simple amendment presented today will help clarify that Senate Bill 161 refers to the regulation of risk retention groups licensed as captives, not those licensed as domestic insurers.

I encourage this committee to recommend that SB 161 be passed as amended. I'd be happy to entertain any questions members of the committee may have.